

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00 USIE-00

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FM USMISSION NATO

TO SECSTATE WASHDC IMMEDIATE 8791

SECDEF WASHDC IMMEDIATE

INFO ALL NATO CAPITALS 4670

CINCLANT

CINCUSAFE

CINCUSAREUR

USCINCEUR

USLOSACLANT

USNMR SHAPE

C O N F I D E N T I A L USNATO 6354

E.O. 11652: GDS

TAGS: MPOL, NATO

SUBJECT: KEY ELEMENTS OF MINISTERIAL GUIDANCE: RESOURCES

REF: USNATO 6351

IS HAS PROVIDED MISSION WITH ADVANCE COPY OF REVISED DRC INPUT TO DECEMBER MINISTERIAL ON RESOURCES KEY ELEMENT. MISSION BELIEVES TEXT, QUOTED BELOW, INCLUDES US POSITION, PROVIDES BASIS FOR MINISTERS TO DISCUSS OTHER NATIONAL ALTERNATIVES, AND ACCURATELY REFLECTS GUIDELINES DRC ESTABLISHED DURING NOVEMBER 13 MEETING (REFTEL). MISSION THEREFORE RECOMMENDS US SUPPORT IS DRAFT DURING FORMAL DRC DISCUSSIONS (PROBABLY EARLY NEXT WEEK). ACTION REQUESTED: WASHINGTON VIEWS BY NOVEMBER 18. BEGIN TEXT:

1. THE CURRENT RESOURCE GUIDANCE IS THAT:

"COUNTRIES ALLOCATE TO NATO DEFENCE PURPOSES, WHERE
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THIS IS WITHIN THEIR ECONOMIC CAPABILITY, A STABLE
AND POSSIBLY LARGER PROPORTION OF THEIR GROWING
WEALTH(1)"

THIS GUIDANCE IS VERY GENERAL IN CHARACTER AND A MORE PRECISE FORMULA WOULD BE HELPFUL TO THE NATO MILITARY AUTHORITIES FOR THE PURPOSE OF DEFENCE PLANNING.

2. THERE ARE DIFFERING VIEWS ABOUT THE MOST APPROPRIATE METHOD FOR MEASURING THE DEFENCE EFFORT OF MEMBER COUNTRIES. THE FOLLOWING MAIN APPROACHES HAVE BEEN SUGGESTED:

- VOLUME OF DEFENCE EXPENDITURE IN REAL TERMS;
- DEFENCE EXPENDITURE AS A PERCENTAGE OF GNP;
- DEFENCE EXPENDITURE PER HEAD OF POPULATION.

3. SET OUT BELOW ARE SEVERAL FORMULAE REFLECTING THESE APPROACHES WHICH COULD BE USED FOR FUTURE RESOURCE GUIDANCE:

(1) COUNTRIES MAINTAIN THE REAL VOLUME OF THEIR DEFENCE EXPENDITURES BY COVERING INFLATIONARY PAY AND PRICE INCREASES IN FULL,
BEGIN BRACKETS (AND IN ADDITION ACHIEVE AN ANNUAL INCREASE IN REAL TERMS OF 3 PER CENT OR OTHER SPECIFIC AMOUNTS INDIVIDUAL COUNTRIES INDICATE DURING CONSULTATIONS IN NATO) END BRACKETS

OR

BEGIN BRACKETS (AND INCREASE THEIR DEFENCE EXPENDITURES IN REAL TERMS AT RATES AT LEAST COMPARABLE TO THOSE IN THE PAST). END BRACKETS

(2) (A) COUNTRIES WHICH DEVOTE TO DEFENCE A PERCENTAGE OF GNP ABOVE THE AVERAGE FOR NATO EUROPE (4.1 PER CENT) MAINTAIN THEIR PRESENT PERCENTAGE;

(B) COUNTRIES WHICH DEVOTE TO DEFENCE A PERCENTAGE LOWER THAN 4.1 PER CENT INCREASE IT PROGRESSIVELY
BEGIN BRACKETS (TO ACHIEVE THIS FIGURE BY 1982; END BRACKETS)
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OR

BEGIN BRACKETS (TO AN AMOUNT WHICH REPRESENTS AN EXPENDITURE PER HEAD OF THE POPULATION OF NOT LESS THAN
US \$200 (AT 1974 VALUES) BY 1982; . END BRACKETS

4. IN ADDITION TO FINANCIAL CRITERIA, THERE ARE OTHER POSSIBLE ELEMENTS WHICH MIGHT BE INCLUDED IN A RESOURCE GUIDANCE FORMULA. IT HAS BEEN SUGGESTED THAT WHATEVER METHOD IS USED COUNTRIES SHOULD CONTINUE TO MAINTAIN THE MANPOWER OF THEIR FORCES MADE AVAILABLE TO THE ALLIANCE AT THEIR PRESENT LEVEL, UNLESS REDUCED AS A RESULT OF MBFR AGREEMENTS. IT HAS ALSO BEEN PROPOSED THAT ANY POSSIBLE REAL INCREASE IN DEFENCE BUDGETS BE

APPLIED TO PROGRAMMES FOR MAJOR EQUIPMENT AND AMMUNITION.

END TEXT.

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